

transparency in government procurement activities. We want nations to develop the institutional capacity needed to properly monitor international government procurement contracts. Where nations lack such capacity, we encourage the use of third-party procurement monitoring to ensure openness and transparency in the process. Third-party procurement monitoring is a process where an uninvolved third-party is hired to monitor every stage of the procurement process. The procedure has been used successfully in South America and Africa to fight corruption in international government procurement. Third-party procurement monitors have the expertise needed to ensure that a project is competitively bid and effectively executed. In turn, this expertise gets passed on to the host governments, which further institutionalizes open procurement practices. The goal should be a process free from cronyism and corruption. This legislation will help us accomplish that goal.

RECOGNIZING THE WORK OF THE AIR LAND EMERGENCY RE- SOURCE TEAM

HON. SAM JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 16, 1999

Mr. SAM JOHNSON of Texas. Mr. Speaker, I would like to bring to the Congress' attention seven young men and the members of the Joseph Rankin family who sacrificed time and effort to serve the people of Russia from July 10–August 25, 1999, by remodeling an orphanage in Moscow to improve living conditions. In addition to the joy they received from investing in the lives of others, this cross-cultural experience gave these individuals a greater appreciation for the benefits and privileges we enjoy in America. These individuals are to be commended for their willingness to put the needs of others before their own.

Daniel Buhler, MI; Michael Hadden, GA; Jesse Long, WA; Timothy Moye, GA; Joseph Rankin, MI; Joyce Rankin, MI; Benjamin Rankin, MI; Daniel Rankin, MI; Joseph Rankin, MI; Justin Tanner, MI; Jefferson Turner, GA; Neil Waters, VA.

CAMPAIGN FINANCE REFORM MISSES IMPORTANT TARGET

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 16, 1999

Mr. BEREUTER. Mr. Speaker, this Member highly commends to his colleagues this editorial I submit from the November 1, 1999, Norfolk Daily News regarding campaign finance reform. The editorial rightly notes that campaign finance reform must address the use of union dues (regardless of the union member's wishes) for political contributions.

[From the Daily News, Nov. 1, 1999]

REFORM MISSES IMPORTANT TARGET

CAMPAIGN FOR NEW RESTRICTIONS FAILS TO PUT
FOCUS ON MAJOR SOURCE OF PROBLEMS

At the same time as the McCain-Feingold proposal aimed at changing rules of cam-

paign financing was being defeated in the U.S. Senate, a major endorsement aimed at influencing the 2000 election results was taking place. Its unsurprising results bear on the issue, inaccurately described as "reform," since that term implies beneficial change, not cosmetic change.

McCain-Feingold's aim was to reduce the "soft money" contributions by which unlimited amounts may be given to political parties—not individual candidates—for advancing their views on major issues of the day. It is a contrast to the \$1,000 individual contribution limits, never adjusted for inflation, which can be provided directly to candidates.

Bearing on this issue is the way in which some organizations, notably the AFL-CIO, can support their favored candidates with endorsements, publicity and in-house politicking with little regard for financing limitations.

The recent AFL-CIO endorsement of Vice President Al Gore's bid for the Democratic nomination was not unanimous, and it lacked important initial support from two of the major affiliates, the Teamsters Union and the United Auto Workers. They are likely to check in later. But that endorsement kicked into gear a \$40 million union mobilization for the primaries and the general election. It is "soft money" but vital support—in part provided in violation of the rights of that apparent minority of union members which may want Bill Bradley as the nominee, or as an extreme example, members who might even choose a Republican.

The unions have every right to back whatever candidates they choose. They do not have the right, however, to spend mandatory dues money that was supposed to have been allocated to collective bargaining and the more restricted cause of improving the status of union workers.

Being forced, through mandatory fees, to support candidates and causes with which one disagrees is a violation of a fundamental tenet of a free society. The U.S. Supreme Court has addressed the issue and reached that conclusion. But it is one of several glaring cases of disregard for the law that the Clinton administration has ignored the principle. Without enforcement of that rule, any "reforms" of the current flawed campaign financing laws are worthless. Nothing wrong with unions spending big bucks for politics as long as the money is openly provided and comes from willing donors. Nothing wrong, either, with like amounts coming from readily identifiable business or other organizations operating under the same terms.

But let them use these resources openly to win friends and influence elections, and understand that true reform depends on voluntary contributions.

REAL ESTATE FLEXIBILITY ACT OF 1999

HON. JIM McCRERY

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 16, 1999

Mr. McCRERY. Mr. Speaker, today I am introducing legislation, the Real Estate Flexibility Act of 1999, to remove a present-law tax penalty that confronts individual real estate investors who wish to sell debt-encumbered property.

This legislation is important to our Nation's real estate markets. It would provide real estate investors with flexibility in managing tax liabilities while at the same time allowing debt-strapped property to be put to its highest and best use.

An example will help to illustrate the need for this legislation. Assume that an individual investor owns commercial investment real property that is valued at \$100 and that is encumbered by debt of \$90. The individual's basis in the property is zero. Assume that the individual wishes to enter the residential real estate market and that a buyer offers to purchase his commercial property for fair market value. Under the terms of the transaction, the buyer will assume the \$90 of debt and will pay the individual \$10 in cash.

Under current tax law, the individual will be taxed not only on the cash received, but also on the discharged debt. In this case, the tax paid by the individual on the sale—as much as \$25 in this case (taking into account tax on unrecaptured depreciation)—will exceed the \$10 in cash the individual actually receives. Thus, selling the property would force the individual to come up with cash out of pocket to pay the IRS.

In light of this disincentive, many individuals in this situation do not sell. Rather, they sit and hold. As a result, the underlying property does not pass into the hands of new owners who may be more likely to make improvements and put the property to its highest and best use.

In these circumstances, I believe an individual taxpayer should be given flexibility to pay this tax liability when he or she has the necessary cash. The Real Estate Flexibility Act of 1999 would allow individuals wishing to sell debt-encumbered property to elect to pay tax on the sale only to the extent of the cash received; the individual would have to reduce basis in other property to the extent that gains are not taxed. In our example, the individual would pay tax of \$10—i.e., the amount of the cash actually received—upon disposition of the commercial real estate and would reduce his or her basis in other depreciable property by the amount of untaxed gain on the commercial property.

I ask my colleagues to join me in supporting this important legislation.

CONGRATULATORY REMARKS TO THE FOSTER GRANDPARENT PROGRAM OF SOUTHEAST MISSOURI FOR 26 YEARS OF SERVICE TO PUBLIC EDUCATION

HON. JO ANN EMERSON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 16, 1999

Mrs. EMERSON. Mr. Speaker, I'd like to take this opportunity to commend the Foster Grandparent Program of Southeast Missouri for recently completing its 26th year serving the senior citizens in the communities of East Prairie, Poplar Bluff, and Sikeston, Missouri.

The Foster Grandparent Program of Southeast Missouri has had a tremendous impact on the senior citizens who serve as mentors to at-risk children in local elementary schools. This program serves as a way for these mentors to be significant change-agents in their communities during their golden years.

In addition to providing an opportunity for seniors to feel a sense of self-worth and responsibility within the community, let me also share with you some stories from teachers who have seen first-hand the tremendous impact of the Foster Care Program.